
State: Illinois **Filing Company:** NCMIC Insurance Company
TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic
Product Name: Chiropractic Malpractice
Project Name/Number: /2013 Chiro Rev

Filing at a Glance

Company: NCMIC Insurance Company
Product Name: Chiropractic Malpractice
State: Illinois
TOI: 11.0 Medical Malpractice - Claims Made/Occurrence
Sub-TOI: 11.0003 Chiropractic
Filing Type: Rule
Date Submitted: 03/19/2013
SERFF Tr Num: NCMA-128942613
SERFF Status: Closed-Filed
State Tr Num: NCMA-128942613
State Status:
Co Tr Num: 2013 CHIRO RULE REVISION

Effective Date 09/01/2013
Requested (New):
Effective Date 09/01/2013
Requested (Renewal):
Author(s): Jacquie Anderson, Juli Frank, Kyle Nielsen
Reviewer(s): Gayle Neuman (primary), Neetha Mamoottile, Caryn Carmean
Disposition Date: 04/26/2013
Disposition Status: Filed
Effective Date (New): 09/01/2013
Effective Date (Renewal): 09/01/2013

State Filing Description:
ROUTED 3/20/13

State:	Illinois	Filing Company:	NCMIC Insurance Company
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General Information

Project Name:	Status of Filing in Domicile: Not Filed
Project Number: 2013 Chiro Rev	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 04/26/2013	
State Status Changed:	Deemer Date:
Created By: Kyle Nielsen	Submitted By: Kyle Nielsen
Corresponding Filing Tracking Number:	

Filing Description:

NCMIC Insurance Company (NCMIC) currently has on file with the Illinois Department of Insurance a claims made and occurrence chiropractic malpractice professional liability program. At this time, NCMIC would like to submit for your review and approval, a rule revision to our rating manual.

Company and Contact

Filing Contact Information

Kyle Nielsen, Compliance Analyst	knielsen@ncmic.com
14001 University Avenue	515-313-4691 [Phone]
Clive, IA 50325	515-313-4476 [FAX]

Filing Company Information

NCMIC Insurance Company	CoCode: 15865	State of Domicile: Iowa
14001 University Ave	Group Code: 2638	Company Type:
Clive, IA 50235	Group Name:	Property/Casualty
(800) 321-7015 ext. [Phone]	FEIN Number: 42-0635534	State ID Number:

Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

State Specific

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Refer to our checklists prior to submitting filing (http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm): Y
Refer to our updated (04/06/2007) SERFF General Instructions prior to submitting filing. They have been updated to clarify what rates and rules are required to be filed as well as what rates and rules are not required to be filed. Also, the "Product Name" is the Filing Title and not the Project Number.: Y

NO RATES and/or RULES ARE REQUIRED TO BE FILED FOR LINES OF COVERAGE SUCH AS COMMERCIAL AUTO (except taxicabs), BURGLARY AND THEFT, GLASS, FIDELITY, SURETY, COMMERCIAL GENERAL LIABILITY, CROP HAIL, COMMERCIAL PROPERTY, DIRECTORS AND OFFICERS, ERRORS AND OMISSIONS, COMMERCIAL MULTI PERIL just to mention a few. However, a Summary Sheet (RF-3) is required to be filed. Please refer to the State Specific Field below for what rates/rules are required to be filed and to our checklists for specific statutes, regulations, etc. :

http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp .: Y

Medical Malpractice rates/rules may now be submitted using SERFF effective January 1, 2012.: Y

The only rates and/or rules that are required to be filed are Homeowners, Mobile Homeowners, Dwelling Fire and Allied Lines, Workers' Compensation, Liquor Liability, Private Passenger Automobiles, Taxicabs, Motorcycles and Group Inland Marine Insurance which only applies to insurance involving personal property owned by, being purchased by or pledged as collateral by individuals, and not used in any business, trade or profession per Regulation Part 2302 which says in part, "each company shall file with the Director of Insurance each rate, rule and minimum premium before it is used in the State of Illinois.": Y

When selecting a form filing type for a multiple form filing, use the dominant type from these choices: APP - application; CER - certificate; COF - coverage form; DPS - declaration page; END - endorsement; POJ - policy jacket; ORG - Companies adopting an Advisory or Rating Organization's filing. Example: If you are submitting a policy as well as endorsements, a declaration page and an application, you would select "POL" for policy.: NA

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Gayle Neuman	04/26/2013	04/26/2013

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Gayle Neuman	03/19/2013	03/19/2013

Response Letters

Responded By	Created On	Date Submitted
Kyle Nielsen	03/20/2013	03/20/2013

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Effective Date	Note To Reviewer	Kyle Nielsen	04/26/2013	04/26/2013
effective date	Note To Filer	Gayle Neuman	04/26/2013	04/26/2013
Actuarial Review Completed	Reviewer Note	Caryn Carmean	04/24/2013	

State:	Illinois	Filing Company:	NCMIC Insurance Company
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Disposition

Disposition Date: 04/26/2013
Effective Date (New): 09/01/2013
Effective Date (Renewal): 09/01/2013
Status: Filed

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Explanatory Memorandum		Yes
Supporting Document	Form RF3 - (Summary Sheet)		Yes
Supporting Document	Certification		Yes
Supporting Document	Request to Maintain Data as Trade Secret Information		Yes
Supporting Document	Manual		Yes
Rate	Illinois Advantage Rating Manual-03-13		Yes

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Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	03/19/2013
Submitted Date	03/19/2013
Respond By Date	03/26/2013

Dear Kyle Nielsen,

Introduction:

This is to acknowledge receipt of your filing. Your submission is not acceptable for filing in Illinois due to the following reasons:

Although a RF-3 isn't required for this filing, we request you complete the "Company Rate Information" on the Rate/Rule Schedule tab.

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

Conclusion:

Sign up to get e-mail notification for updates to the Department's website. <http://insurance.illinois.gov/RSS/>

Please refer to the appropriate Property Casualty IS3 Review Requirements Checklist before submitting any filing. The checklists are available at the Department's Web site or at the following link:

http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp

Please submit compliant form(s) no later than the date shown above or the entire filing may be disapproved. Please be advised that when the Director disapproves the form(s) you must immediately cease using the form(s) in Illinois.

Please give this matter your immediate attention. If you have any question regarding this filing please feel free to contact me.

Sincerely,

Gayle Neuman

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Response Letter

Response Letter Status	Submitted to State
Response Letter Date	03/20/2013
Submitted Date	03/20/2013

Dear Gayle Neuman,

Introduction:

Thank you for your speedy response to our filing. Please see our response below.

Response 1

Comments:

We are unable to reopen the rate/rule schedule tab for adding our company rate information so I will include it here:

Overall Indicated Change: 0%

Overall Rate Impact: 0%

Written Premium Change for this Program: \$0

of Policyholder Affected for this Program: 2,007

Written Premium for this Program: \$4,859,452.83

Maximum Change: 0%

Minimum Change 0%

Our company does have a stat plan and our agent for statistical gathering in Illinois is National Independent Statistical Service (NISS).

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Please contact me directly if there are any additional issues with this filing. I look forward to receiving your response.

Thank you,

Kyle Nielsen
Compliance Analyst
NCMIC Group, Inc.
515-313-4691

Sincerely,
Kyle Nielsen

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Note To Reviewer

Created By:

Kyle Nielsen on 04/26/2013 08:57 AM

Last Edited By:

Gayle Neuman

Submitted On:

04/26/2013 09:20 AM

Subject:

Effective Date

Comments:

Please see post submission update for chage of effective date request.

Please let me know if you have any questions.

Thank you.

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Note To Filer

Created By:

Gayle Neuman on 04/26/2013 08:23 AM

Last Edited By:

Gayle Neuman

Submitted On:

04/26/2013 09:20 AM

Subject:

effective date

Comments:

The Department of Insurance completed its review of this filing. Originally, NCMIC requested the filing be effective April 1, 2013. Was the filing put in effect on April 1, 2013 or do you wish to have a different effective date? Your prompt response is appreciated.

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Reviewer Note

Created By:

Caryn Carmean on 04/24/2013 01:55 PM

Last Edited By:

Gayle Neuman

Submitted On:

04/26/2013 09:20 AM

Subject:

Actuarial Review Completed

Comments:

Rule filing, no actuarial impact.

State: Illinois **Filing Company:** NCMIC Insurance Company
TOI/Sub-TOI: 11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic
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Post Submission Update Request Processed On 04/26/2013

Status: Allowed
Created By: Kyle Nielsen
Processed By: Gayle Neuman
Comments:

General Information:

Field Name	Requested Change	Prior Value
Effective Date Requested (New)	09/01/2013	04/01/2013
Effective Date Requested (Renew)	09/01/2013	04/01/2013

State:	Illinois	Filing Company:	NCMIC Insurance Company
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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Illinois Advantage Rating Manual-03-13		Replacement	2011 CHIRO WD	Illinois Advantage Rating Manual-03-13.pdf

Illinois Claims Made and Occurrence Chiropractic Professional Liability Manual

For

NCMIC Insurance Company

Section I – General Information Applying to Both Claims Made and Occurrence Policies

Policies

NCMIC markets two types of policies identified below:

1. Claims Made (Form CM2006 05/06)
2. Occurrence (Form MP2006 05/06)

Insureds

NCMIC has two types of insureds. The two types of insureds are listed below:

1. Individual chiropractor (DC)
2. Professional Entities

Policy Period

The policy period shall be for a one-year term.

Minimum Premium

NCMIC does not have a minimum premium requirement.

Waiver of Additional Premiums

Additional premiums, up to \$10.00, for endorsements effective subsequent to the inception date of the policy will be waived.

Whole Dollar Premium Rounding Rule

All premiums are rounded to the nearest whole dollar.

Territorial Definitions

The location of the practice determines the territory. If more than one location of practice exists, rate in the territory where doctor has at least 51% of his/her practice. If the doctor does not have 51% of his/her practice in a single territory, then rate in the territory in which the doctor has the greatest percentage of his practice. If multiple territories have equal percentage of practice, then rate in the higher rated territory.

Premium Payment Options

Annual payment option – Full premium payment required.

Semi-Annual payment option – 50% of premium payment required along with \$5.00 installment fee.

Quarterly payment option – 25% of premium payment required along with \$5.00 installment fee with the remaining payments of 25% each due at 3, 6 and 9 months after policy inception.

There is no interest charged for utilizing the premium payment options. Additional premiums for policy changes occurring during the current policy period shall be computed pro rata of the annual premium. If there are no remaining installments, additional premium resulting from changes in coverage may be due immediately as a separate transaction.

Renewals

A policy may be continued for successive terms upon payment of the required premium to the company on or before the inception date of each successive term. The continuation premium shall be based upon the premium in effect on renewal date. The applicable forms and endorsements must be made a part of the policy. Additional premiums for policy changes occurring during the current policy period shall be computed pro rata of the annual premium.

Cancellation

A policy may be canceled by the insured by mailing to the Company written notice stating when such cancellation shall be effective. This policy will remain in full force and effect until its regular anniversary unless the policy is canceled sooner by the Company or the insured.

Premium Refund

If a policy cancels for any reason during the policy term, the insured will receive a pro-rata refund.

If an insured switches from our occurrence policy to our claims made policy, any refund will be computed pro-rata.

Section II – Underwriting Criteria

The following underwriting criteria are to be considered in the underwriting review and acceptance of our insureds:

1. Fully and permanently licensed in the state(s) of practice.
2. Criminal record.
3. Prior claims history:
 - a. Severity of claim
 - b. Indemnity paid
 - c. Date of claim
 - d. Frequency of Claim

4. Any possible current claims and/or incidents
5. Declined, canceled or refused renewal for coverage
6. Revocation, suspension or probation of license
7. Other Modalities

Section III – Premium Development

A. FORMULAS FOR CLAIMS MADE PREMIUM DEVELOPMENT

Listed below are the formulas used to determine a chiropractor's claims made policy premium.

STEP 1 – Calculate Base Premium

Base Rate

Base rate is our 100/300 limit of liability. The charges are: Territory 1- \$2232.00

Territory 2- \$2443.00

Territory 3- \$2150.00

Territory 1 - Cook, DuPage, Lake, Will, Kendall, Kane and McHenry Counties

Territory 2 - Monroe, St. Clair, Madison, Clinton, Washington, Randolph and Jersey Counties

Territory 3 - Remainder of state

Base Premium Developed

Base Rate x ILF = Base Premium

Base premium is determined by multiplying the base rate by the increased limits factor of the appropriate limit of liability chosen.

ILFs (Increased Limits Factors)

200/600	1.159
250/750	1.215
500/1000	1.408
1000/3000	1.590
2000/4000	1.741

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 2 – Calculate 1st yr., 2nd yr., 3rd yr., 4th yr. or Mature Claims Made Base Premium

Base premium x (1-4 yr. or mature) retro factor = (1-4 yr. or mature) claims made base premium

Claims Made Premium Developed

The (1-4 yr. or mature) claims made premiums are then calculated by multiplying the base premium by the appropriate years (1-4 yr. or mature) retro factor. The retroactive date is the date of reference used to determine which retro factor is to apply. The following rules will apply:

Definition Retroactive Date – Date on a claims made liability policy which triggers the beginning period of insurance coverage. If the chiropractor is purchasing insurance for the first time, the retroactive date will be the effective date. Any claim made during the policy period will not be covered if the injury occurred before the retroactive date.

Eligibility for 1st year claims made rate – When a policy is written where the retroactive date and effective date are the same, we will multiply the first year claims made retro factor by the base premium.

Eligibility for 2nd year claims made rate – When a policy is written during the first calendar year after the retroactive date we will multiply the second year claims made retro factor by the base premium.

Eligibility for 3rd year claims made rate – When a policy is written during the second calendar year after the retroactive date, we will multiply the third year claims made retro factor by the base premium.

Eligibility for 4th year claims made rate – When a policy is written during the third calendar year after the retroactive date, we will multiply the fourth year claims made retro factor by the base premium.

Eligibility for Mature claims made rate – When a policy is written during the fourth calendar year after the retroactive date or anytime thereafter, we will use the mature claims made rate. The retro factor is 1.00.

Claims Made Rate Retro Factors

<u>Maturity</u>	<u>Retro Factors</u>
1	0.350
2	0.655
3	0.900
4	0.975
Mature	1.000

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 3 – Calculate 1st yr., 2nd yr., 3rd yr., 4th yr. or Mature Claims Made Discounted Premium

Formula for Discounted Premium (Premium when any discounts apply)

$$\frac{(1-4 \text{ yr. or mature) claims made discounted premium}}{\text{base premium} \times \text{discount factor(s)}}$$

The following discounts are to be pro-rated if added mid-term.

Discount factors

Part-time	0.50
1 st Year Licensure	0.25
2 nd Year Licensure	0.60
3 rd Year Licensure	0.75
4 th Year Licensure	0.85

Endorsement Premium Development

$$\frac{\text{Endorsement premium}}{\text{premium}} = (1-4 \text{ yr. or mature) claims made base premium} + \text{endorsement premium}$$

Endorsements added mid-term are to be pro-rated.

Professional Entity Coverage Premium Developed

$$\frac{\text{Professional Entity coverage premium}}{\text{Professional Entity factor}} = (1-4 \text{ yr. or mature) claims made base premium} \times \text{Professional Entity factor}$$

Professional Entity factors

Shared limit of liability	No charge
Shared limit of liability with MD/DO Exposure	0.55 per entity
Separate limit of liability	.20 for the first entity .05 for each additional entity
Separate limit of liability with MD/DO Exposure	2.20 for the first entity 0.55 for each additional entity

Professional Entities added mid-term are to be pro-rated

Claims Made Discounted Premium with Endorsements

Formula:
$$(1-4 \text{ yr. or mature) claims made discounted premium} + \text{endorsement premium}$$

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

B. FORMULAS FOR OCCURRENCE PREMIUM DEVELOPMENT

Listed below are the formulas used to determine a chiropractor's occurrence policy premium.

STEP 1 – Calculate Base Premium

Base Rate

Base rate is our 100/300 limit of liability. The charges are: Territory 1 - \$2290.00
Territory 2 - \$2545.00
Territory 3 - \$2239.00

Territory 1 - Cook, DuPage, Lake, Will, Kendall, Kane and McHenry Counties

Territory 2 - Monroe, St. Clair, Madison, Clinton, Washington, Randolph and Jersey Counties

Territory 3 - Remainder of state

Base Premium Developed

Base Rate x ILF = Base premium

Base premium is determined by multiplying the base rate by the increased limits factor of the appropriate limit of liability chosen.

ILFs (Increased limits factors)

200/600	1.159
250/750	1.215
500/1000	1.408
1000/3000	1.590
2000/4000	1.741

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 2 – Calculate Occurrence Discounted Premium

Formula for Discounted Premium (Premium when discounts apply)

Occurrence Discounted Premium = base premium x discount factor(s)

The following discounts are to be pro-rated if added mid-term.

Discounts factors

Part-Time	0.50
1 st Year Licensure	0.25
2 nd Year Licensure	0.60
3 rd Year Licensure	0.75
4 th Year Licensure	0.85

Endorsement Premium Development

Endorsement premium = base premium + endorsement premium

Endorsements added mid-term are to be pro-rated.

Professional Entity coverage premium developed

Professional Entity coverage premium = base premium x professional entity coverage factor

Professional Entity Factors

Shared limit of liability	No charge
Shared limit of liability with MD/DO Exposure	0.55 per entity
Separate limit of liability	.20 for the first entity .05 for each additional entity
Separate limit of liability with MD/DO Exposure	2.20 for the first entity 0.55 for each additional entity

Professional Entities added mid-term are to be pro-rated.

Occurrence Discounted Premium with Endorsements

Formula: Occurrence discounted premium + endorsement premium

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

C. SCHEDULE RATING APPLICABLE TO BOTH CLAIMS MADE AND OCCURRENCE COVERAGES

NCMIC Insurance Company may utilize the following schedule of debits to modify the premiums for certain insureds reflecting the unique exposure present in these risks. These insureds

qualify for schedule rating because of factors not contemplated in the filed rate structure of the company.

The maximum debit to be applied to recognize risk characteristics that are not reflected in an otherwise applicable rate is 25%. Any debits assigned under this plan are subject to annual review. All premium modifications will be noted and documented in the individual insured's file with any premium credit and/or debit having the approval of the Underwriting Department.

NCMIC Insurance Company will modify premiums giving consideration to the following exposure characteristics and rating characteristics of a risk:

	<u>CREDIT</u>	<u>DEBIT</u>
Unusual risk characteristics (Member of multidisciplinary group, multiple professional discipline or board complaints, loss of license, number/type of patient exposures)	XXXX	25%
Claim history debit (Based on underwriting review of frequency and severity of the insured's claims history)	XXXX	25%

Section IV – Extended Reporting Coverages For Claims Made Coverage

Basic Reporting Extension

This allows, under a claims made policy, for the reporting of claims arising from a medical incident which occurs on or after the retroactive date and prior to the end of the policy period. The extended reporting coverage is for sixty (60) days after the expiration of the policy. This coverage is provided at no additional charge. The 60-day Basic Extended Reporting Period does not apply if the insured purchases any subsequent insurance that replaces in whole or in part the coverage provided by this policy.

Illinois Extended Reporting Endorsement (Tail Coverage) Form 14CM-2005 07/07

If a claims made policy is canceled or non-renewed for any reason including non-payment of premium whether by the company or at the insured's request, the named insured may elect to have an endorsement issued providing an extended reporting period upon payment of an additional charge as follows:

Tail factors apply to mature claims made expiring annual premium.

Number of Years Since Retro Date	Tail Factor (Factor to apply to <u>mature claims made expiring annual premium</u>)
1	0.654
2	0.975
3	1.062
4	1.082

Definition of Tail Coverage – This term has been used to describe the exposure that exists between the retroactive date and expiration date of the policy and the coverage that may be purchased to cover that exposure. On “claims made” forms, tail coverage may be purchased to extend the period for reporting covered claims beyond the policy period.

Extended Reporting Endorsement (Tail Coverage)

Tail Coverage Rules:

1. Purchase of tail coverage must be within sixty (60) days after the cancellation or expiration of the insured's NCMIC claims made policy.

Example:

Policy expires 6-1-05. The extended reporting endorsement (tail coverage) must be purchased by 7-30-05.

-
2. The extended reporting endorsement (tail coverage) will never be written to be effective before the insured's most recent NCMIC claims made policy retroactive date.

Example:

The insured's claims made policy retroactive date is 7-1-05 and expiration date is 10-1-05. The extended reporting endorsement (tail coverage) charged at the first year tail coverage rate would be written to cover the time period from 7-1-05 to 10-1-05.

3. The extended reporting endorsement (tail coverage) will be pro-rated for partial years.

Example:

An insured has a malpractice insurance policy with us issued with a \$1,000,000/\$3,000,000 limit of liability. The insured has a retroactive date of 1-1-04 and the insurance policy is canceled with us on 3-28-05. The charge for the insured's tail coverage premium has been computed below.

- You first must determine how many days between the retroactive date and the cancellation effective date.
- Determine the MATURE claims made base premium for the policy limits the chiropractor is requesting to purchase.

The calculation is as follows:

Base rate \$1,788 x (Increased limits factor) 1.75 = mature claims made base premium
\$3,129.00.

- c. Determine how many years, or days, the retroactive date is from the policy termination (cancellation or expiration) date.

Retroactive date 1-1-04 to full year policy renewal date of 1-1-05.

1 or 2 or 3 or 4+ years

Mature claims made base premium	\$3,129
---------------------------------	---------

Tail factor for 1 year	x	0.654
Extended Reporting Period Premium 1 yr.	=	\$2,046.00

d. Count the remaining number of days left until the policy termination date.

1-1-05 to 3-28-05 is 87 days.

e. Pro-rate the remaining number of days to the policy cancellation date.

Partial year rates will be interpolated using the actual number of days covered on a claims made basis.

The calculation requires first determining the premium for two full year of tail coverage.

Mature claims made base premium		\$3,129
Tail factor for 2 years	x	0.975
Extended Reporting Period Premium 2 yrs.	=	\$3,051.00

Calculation:

Extended Reporting Period Premium 2 yrs. (\$3,051.00) – Extended Reporting Period Premium 1 yr. (\$2,046.00) = \$1,005.00

Number of days	87
Number of days in year	365

f. Calculate: $(87 / 365) \times \$1005.00 = \240.00

Extended Reporting Period Premium 1 yr. \$2,046.00 + \$240.00 = \$2,286.00

4. Tail coverage is priced as a factor of the mature claims made expiring annual premium.
5. Tail coverage is provided at no additional charge if a doctor dies and will be provided to the insured's estate upon notification of the insured's death. Tail coverage is provided at no additional charge if a doctor becomes permanently disabled and can no longer practice as a chiropractor. Tail coverage is provided at no additional charge if a doctor retires from practice after five (5) years of continuous coverage under the NCMIC claims made policy and is at least 55 years old. The endorsement will date back to the current claims made policy retroactive date.
6. After ten (10) years of continuous coverage under the claims made policy, if the policy terminates for any reason, including non-payment of premium, the tail coverage will be provided at no additional charge.

Section V – Discounts
(Available for both claims made and occurrence policies)

New Practitioner Discounts Available:

License Date: NCMIC uses the license date as the reference date to be eligible for discounts. The license date is defined as the first date the chiropractor is eligible to practice chiropractic. We only use one date as the license date to reference discounts. The license date used to reference discounts is the first time a chiropractor ever becomes licensed to practice.

1. First Year Licensure Discount

Chiropractors who become licensed and are eligible to practice chiropractic for the first time shall be given a first year licensure discount of 75% of the filed and approved base premium. The insured's first licensure date must fall within 18 months of the insured's graduation date.

2. Second Year Licensure Discount

Chiropractors in their second year of practice after becoming licensed for the first time shall be given a second year licensure discount of 40% of the filed and approved base premium. The insured's first licensure date must fall within 30 months of the insured's graduation date.

3. Third Year Licensure Discount

Chiropractors in their third year of practice after becoming licensed for the first time shall be given a third year licensure discount of 25% of the filed and approved base premium. The insured's first licensure date must fall within 42 months of the insured's graduation date.

4. Fourth Year Licensure Discount

Chiropractors in their fourth year of practice after becoming licensed for the first time shall be given a fourth year licensure discount of 15% of the filed and approved base premium. The insured's first licensure date must fall within 54 months of the insured's graduation date.

Additional Discounts Available

1. Part -Time Discount

A chiropractor practicing part-time is eligible for a 50% discount of the approved base premium. The chiropractor must complete an application for the part-time discount.

2. Claims Free Discount

We offer a 3% - 20% discount to chiropractors for their excellent claims free experience. The whole policy (all risks, corporations included) must be claims free to get the discount. The definition of claims free is \$0 dollars indemnity and \$15,000 or less LAE payments cumulative for the time period under review. The claims free discount will only be applied to the doctor's base premium.

The number of years insured with NCMIC without a claim will determine the discount. Please see below.

<u>Number of years insured with NCMIC without a claim</u>	<u>Percentage discount</u>
Three full years with NCMIC claims free	3%
Four full years with NCMIC claims free	4%
Five full years with NCMIC claims free	5%
Six full years with NCMIC claims free	6%
Seven full years with NCMIC claims free	7%
Eight full years with NCMIC claims free	8%
Nine full years with NCMIC claims free	9%
Ten full years with NCMIC claims free	10%
Eleven full years with NCMIC claims free	11%
Twelve full years with NCMIC claims free	12%
Thirteen full years with NCMIC claims free	13%
Fourteen full years with NCMIC claims free	14%
Fifteen full years with NCMIC claims free	15%
Sixteen full years with NCMIC claims free	16%
Seventeen full years with NCMIC claims free	17%
Eighteen full years with NCMIC claims free	18%
Nineteen full years with NCMIC claims free	19%
Twenty or more full years with NCMIC claims free	20%

*Up to five (5) years of continuous claims free experience with another carrier will qualify for the NCMIC claims free discount.

3. Risk Management Discount

We offer risk management discounts for insureds that complete NCMIC Board certified programs. The risk management discount will only be applied to the doctor's base premium. The maximum total risk management discount available per policy period is 15%. The discount will only be applied on the insured's renewal premium.

Maximum Discounts Available

The maximum risk management and claims free discounts that can be obtained are 35%. However, the maximum risk management and claims free discounts available for any insured who is also receiving a premium discount will be the actual risk management and claims free discounts (up to 35%) multiplied by percentage of discounted premium paid by the policyholder.

Example: Assume the full-time base rate is \$1,500 and a doctor is receiving a faculty discount of 50%. Also assume the doctor is eligible for a 20% claims free discount and a 15% risk management

discount. In this example, the maximum risk management and claims free discount this doctor is entitled to is 17.5%. Premium to be paid is calculated as follows:

$\$1,500 \times .50 =$	\$750 (faculty base premium)
$(20\% + 15\%) \times .50 =$	17.5% (total discounts allowed)
$\$750 \times 17.5\% =$	131.25 (discount amount)
$\$750 - 131.25 =$	\$618.75 (premium to be paid)

Section VI – Coverage Options **(Available for both claims made and occurrence policy)**

MUA Endorsement (Form 06-2007 03/10)

This endorsement provides coverage for manipulation or treatment, including adjustment, while a person is under anesthesia or sedation. The chiropractor must complete an application for manipulation under anesthesia. If the application is approved, an endorsement is added to the insured's policy. The charge for this endorsement will be \$750.00.

MUA Course Proctorship Endorsement (Form 06-2032 03/10)

This endorsement provides coverage for insured chiropractors while attending the practical, hands-on portion of their manipulation under anesthesia course (clinical competencies). An insured must apply for and be approved by underwriting prior to this endorsement becoming effective. The charge for this endorsement will be \$250.00.

Illinois Professional Entity with MD/DO Exposure - Shared Limits of Liability Endorsement (Form 14CM-2006 04/07) and Professional Entity with MD/DO Exposure - Shared Limits of Liability Endorsement (Form 06-2002 05/06)

This endorsement provides a shared limit of liability for the insured chiropractor's professional entity. Coverage is provided only to the extent of the entity's liability for the providing of professional services and professional healthcare services.

The charge is 55% of the undiscounted base premium for corporation coverage with shared limits.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Illinois Professional Entity - Separate Limits of Liability Endorsement (Form 14CM-2007 04/07) and Professional Entity - Separate Limits of Liability Endorsement (Form 06-2004 05/06)

This endorsement provides one separate limit of liability for the insured chiropractor's professional entity or entities. Multiple entities will share the one separate limit. Coverage is provided

only to the extent of the entity's or entities' liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Person Insured" under the attached policy.

The charge is 20% of the undiscounted base premium for the first entity and 5% of the undiscounted base premium for each additional entity.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Illinois Professional Entity with MD/DO Exposure - Separate Limits of Liability Endorsement (Form 14CM-2008 04/07) and Professional Entity with MD/DO Exposure - Separate Limits of Liability Endorsement (Form 06-2006 05/06)

This endorsement provides one separate limit of liability for the insured chiropractor's professional entity or entities. Multiple entities will share the one separate limit. Coverage is provided only to the extent of the entity's liability for the providing of professional services and professional healthcare services.

The charge is 220% of the undiscounted base premium for the first entity and 55% of the undiscounted base premium for each additional entity.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Specialty, Procedure, Technique Exclusion Endorsement (Form 06-2012 05/06)

1. Excludes those procedures, techniques or specialties where a licensed health care provider has had their license revoked, suspended or surrendered or privileges restricted as a result of the performance of these procedures, techniques or specialties.
2. Excludes procedures, techniques or specialties that are experimental.
3. Excludes procedures, techniques or specialties where a health care provider is a high risk and has had poor loss experience.

Additional Insured Endorsement (Form 06-2010 05/06)

This optional endorsement provides coverage to any person or entity named on the endorsement for professional liability imputed to the person or entity solely for the professional negligence of an insured under the policy.

Acupuncture Endorsement (Form 06-2008 05/06)

This endorsement will add acupuncture to the list of professional services covered by the policy. Acupuncture coverage is only available in states where the scope of practice for chiropractors

includes acupuncture services. An insured must apply for and be approved by underwriting prior to this endorsement becoming effective. There is no charge for this endorsement.

Amendatory Endorsement (Form 06-2009 05/06)

This endorsement may be utilized as a manuscript form to broaden, restrict or clarify coverage issues. The endorsement may also be utilized to clarify adjustments in rating.

Supplemental Legal Defense Endorsement (Form 06-2015 07/08 and Form 06-2016 07/08)

This endorsement provides for defense costs incurred by the insured in certain covered proceedings. There is coverage under this endorsement only when a covered proceeding arises on or after the retroactive date and the covered proceeding is initially instituted against the insured before the end of the policy period stated on the Declarations of this policy. We will pay up to \$25,000 for defense costs incurred by the insured. Covered proceedings are limited to the following; State Disciplinary Proceedings, Federal Professional Review Organization Sanctions, Wrongful Billing and Related Proceedings, HIPAA and Privacy Related Proceedings and Civil Sexual Misconduct Allegations. There is no charge for this endorsement and it is subject to underwriting approval.

Temporary Leave of Absence Endorsement (Form 06-2017 07/07 and Form 06-2018 07/07)

This endorsement allows an insured to suspend their policy for a minimum of 60 days and up to a maximum of 180 days. The insured may suspend their coverage for the following reasons; short term disability, maternity leave and any other reason pre-approved by NCMIC Insurance Company. This endorsement excludes from coverage any claim that results from an injury that occurred during the period of the leave of absence. This endorsement will provide a 90% discount for the period of the leave of absence. Suspension of coverage does not apply to any professional entities insured under the policy.

Illinois Active Military Duty Endorsement (Form 14CM-2009 07/07 and Form 14-2009 07/07)

This endorsement suspends coverage, including premium payments, if an insured is called to active military duty. This endorsement provides coverage for claims arising from acts, errors or omissions that occurred prior to the inception of the active military leave. There is no coverage for acts, errors or omissions during the period of active military leave. Suspension of coverage does not apply to any professional entities insured under the policy.

Employment Exclusion Endorsement (Form 06-2021 05/06 and Form 06-2022 05/06)

This endorsement excludes coverage for the supplying of or failure to supply professional services resulting from the insured's place of employment listed on the endorsement.

Dual License – Acupuncture – Oriental Medicine Endorsement (Form 06-2024 05/06)

This endorsement provides coverage to insured chiropractors who also are licensed or properly certified to practice Acupuncture – Oriental medicine while acting within the scope of their license(s) and/or certifications. Additional application information will be required for approval. The charge for this endorsement is 5% of the base premium.

Dual License – Physical Therapy Endorsement (Form 06-2025 05/06)

This endorsement provides coverage to insured chiropractors who also are licensed or properly certified to practice physical therapy while acting within the scope of their license(s) and/or certifications. Additional application information will be required for approval. There is no charge for this endorsement.

Delegation of Certain Policy Rights Endorsement (Form 06-2026 04/07)

This optional endorsement allows an insured to delegate certain policy rights to his or her employer.

Dual License – Massage Therapy Endorsement (Form 06-2027 06/07)

This endorsement provides coverage to insured chiropractors who also are licensed or properly certified to practice massage therapy while acting within the scope of their license(s) and/or certification(s). Additional application information will be required for approval. There is no charge for this endorsement.

Section VII Coverage Options **(Available for Occurrence Policy Only)**

Prior Acts Professional Liability Endorsement (Form 06-2013 05/06)

This endorsement provides coverage for chiropractors who change from a claims made policy to an occurrence policy and who do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered. The factors listed below will be applied to the undiscounted occurrence premium at the applicable limit of liability in the state in which the claims made policy was issued.

Number of Years Since Retroactive Date	Prior Acts Factor
1	62.8%
2	93.6%
3	102%
4	103.9%

Extern Endorsement (Form 06-2011 05/06)

This endorsement provides coverage for chiropractic college students who have graduated from chiropractic college, but who have not yet received a license to practice, i.e. externs. The extern must be under the direct supervision of a licensed chiropractor and must be acting within the scope of the applicable laws governing externs. The only limit of liability available for this endorsement is \$100,000/\$300,000. Coverage under this endorsement will terminate when the extern becomes licensed, the program terminates or one year from its effective date, whichever comes first. The charge for this endorsement will be 10% of the 100,000/300,000 occurrence premium in the state that the Extern Endorsement is issued in.

State:	Illinois	Filing Company:	NCMIC Insurance Company
TOI/Sub-TOI:	11.0 Medical Malpractice - Claims Made/Occurrence/11.0003 Chiropractic		
Product Name:	Chiropractic Malpractice		
Project Name/Number:	/2013 Chiro Rev		

Supporting Document Schedules

Satisfied - Item:	Explanatory Memorandum
Comments:	See attached.
Attachment(s):	Explanatory Memo.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Form RF3 - (Summary Sheet)
Bypass Reason:	Not applicable.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Certification
Comments:	See attached.
Attachment(s):	IL Certification.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Request to Maintain Data as Trade Secret Information
Bypass Reason:	Not applicable.
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Manual
Comments:	Please see marked up version of revised rating manual attached. Clean version is attached in the rate/rule schedule tab.
Attachment(s):	Illinois Advantage Rating Manual-03-13 MARK UP.pdf
Item Status:	
Status Date:	

March 15, 2013

Illinois Department of Insurance
320 W Washington
Springfield, IL 62767

RE: NCMIC Insurance Company
FEIN: 42-0635534
NAIC: 15865
Explanatory Memorandum

To Whom It May Concern:

NCMIC Insurance Company (NCMIC) currently has on file with the Illinois Department of Insurance a claims made and occurrence chiropractic malpractice professional liability program. At this time, NCMIC would like to submit for your review and approval, a rule revision to our rating manual.

The rule revision entails adding additional criteria to our "Unusual Risk Characteristics" under our schedule rating and can be found on page 9 of the attached rating manual.

Please feel free to contact me if you have any questions.

Thank you,



Kyle Nielsen
Compliance Analyst
NCMIC Group, Inc.
515-313-4691
knielsen@ncmic.com

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Jacqueline Anderson, a duly authorized officer of NCMIC Insurance Company, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Charles Mitchell, FCAS, MAAA, a duly authorized actuary of Milliman, Inc. am authorized to certify on behalf of NCMIC Insurance Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

Jacqueline Anderson
Signature and Title of Authorized Insurance Company Officer

3/15/13
Date

Charles Mitchell Consulting Actuary, FCAS
Signature, Title and Designation of Authorized Actuary MAAA

3/14/13
Date

Insurance Company FEIN 42 - 0635534

Filing Number NCMA-128942613

Insurer's Address 14001 University Avenue

City Clive

State Iowa

Zip Code 50325

Contact Person's:

-Name and E-mail Kyle Nielsen knielsen@ncmic.com

-Direct Telephone and Fax Number 515-313-4691 515-313-4476

Illinois Claims Made and Occurrence Chiropractic Professional Liability Manual

For

NCMIC Insurance Company

Section I – General Information Applying to Both Claims Made and Occurrence Policies

Policies

NCMIC markets two types of policies identified below:

1. Claims Made (Form CM2006 05/06)
2. Occurrence (Form MP2006 05/06)

Insureds

NCMIC has two types of insureds. The two types of insureds are listed below:

1. Individual chiropractor (DC)
2. Professional Entities

Policy Period

The policy period shall be for a one-year term.

Minimum Premium

NCMIC does not have a minimum premium requirement.

Waiver of Additional Premiums

Additional premiums, up to \$10.00, for endorsements effective subsequent to the inception date of the policy will be waived.

Whole Dollar Premium Rounding Rule

All premiums are rounded to the nearest whole dollar.

Territorial Definitions

The location of the practice determines the territory. If more than one location of practice exists, rate in the territory where doctor has at least 51% of his/her practice. If the doctor does not have 51% of his/her practice in a single territory, then rate in the territory in which the doctor has the greatest percentage of his practice. If multiple territories have equal percentage of practice, then rate in the higher rated territory.

Premium Payment Options

Annual payment option – Full premium payment required.

Semi-Annual payment option – 50% of premium payment required along with \$5.00 installment fee.

Quarterly payment option – 25% of premium payment required along with \$5.00 installment fee with the remaining payments of 25% each due at 3, 6 and 9 months after policy inception.

There is no interest charged for utilizing the premium payment options. Additional premiums for policy changes occurring during the current policy period shall be computed pro rata of the annual premium. If there are no remaining installments, additional premium resulting from changes in coverage may be due immediately as a separate transaction.

Renewals

A policy may be continued for successive terms upon payment of the required premium to the company on or before the inception date of each successive term. The continuation premium shall be based upon the premium in effect on renewal date. The applicable forms and endorsements must be made a part of the policy. Additional premiums for policy changes occurring during the current policy period shall be computed pro rata of the annual premium.

Cancellation

A policy may be canceled by the insured by mailing to the Company written notice stating when such cancellation shall be effective. This policy will remain in full force and effect until its regular anniversary unless the policy is canceled sooner by the Company or the insured.

Premium Refund

If a policy cancels for any reason during the policy term, the insured will receive a pro-rata refund.

If an insured switches from our occurrence policy to our claims made policy, any refund will be computed pro-rata.

Section II – Underwriting Criteria

The following underwriting criteria are to be considered in the underwriting review and acceptance of our insureds:

1. Fully and permanently licensed in the state(s) of practice.
2. Criminal record.
3. Prior claims history:
 - a. Severity of claim
 - b. Indemnity paid
 - c. Date of claim
 - d. Frequency of Claim

4. Any possible current claims and/or incidents
5. Declined, canceled or refused renewal for coverage
6. Revocation, suspension or probation of license
7. Other Modalities

Section III – Premium Development

A. FORMULAS FOR CLAIMS MADE PREMIUM DEVELOPMENT

Listed below are the formulas used to determine a chiropractor's claims made policy premium.

STEP 1 – Calculate Base Premium

Base Rate

Base rate is our 100/300 limit of liability. The charges are: Territory 1- \$2232.00

Territory 2- \$2443.00

Territory 3- \$2150.00

Territory 1 - Cook, DuPage, Lake, Will, Kendall, Kane and McHenry Counties

Territory 2 - Monroe, St. Clair, Madison, Clinton, Washington, Randolph and Jersey Counties

Territory 3 - Remainder of state

Base Premium Developed

Base Rate x ILF = Base Premium

Base premium is determined by multiplying the base rate by the increased limits factor of the appropriate limit of liability chosen.

ILFs (Increased Limits Factors)

200/600	1.159
250/750	1.215
500/1000	1.408
1000/3000	1.590
2000/4000	1.741

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 2 – Calculate 1st yr., 2nd yr., 3rd yr., 4th yr. or Mature Claims Made Base Premium

Base premium x (1-4 yr. or mature) retro factor = (1-4 yr. or mature) claims made base premium

Claims Made Premium Developed

The (1-4 yr. or mature) claims made premiums are then calculated by multiplying the base premium by the appropriate years (1-4 yr. or mature) retro factor. The retroactive date is the date of reference used to determine which retro factor is to apply. The following rules will apply:

Definition Retroactive Date – Date on a claims made liability policy which triggers the beginning period of insurance coverage. If the chiropractor is purchasing insurance for the first time, the retroactive date will be the effective date. Any claim made during the policy period will not be covered if the injury occurred before the retroactive date.

Eligibility for 1st year claims made rate – When a policy is written where the retroactive date and effective date are the same, we will multiply the first year claims made retro factor by the base premium.

Eligibility for 2nd year claims made rate – When a policy is written during the first calendar year after the retroactive date we will multiply the second year claims made retro factor by the base premium.

Eligibility for 3rd year claims made rate – When a policy is written during the second calendar year after the retroactive date, we will multiply the third year claims made retro factor by the base premium.

Eligibility for 4th year claims made rate – When a policy is written during the third calendar year after the retroactive date, we will multiply the fourth year claims made retro factor by the base premium.

Eligibility for Mature claims made rate – When a policy is written during the fourth calendar year after the retroactive date or anytime thereafter, we will use the mature claims made rate. The retro factor is 1.00.

Claims Made Rate Retro Factors

<u>Maturity</u>	<u>Retro Factors</u>
1	0.350
2	0.655
3	0.900
4	0.975
Mature	1.000

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 3 – Calculate 1st yr., 2nd yr., 3rd yr., 4th yr. or Mature Claims Made Discounted Premium

Formula for Discounted Premium (Premium when any discounts apply)

$$\frac{(1-4 \text{ yr. or mature) claims made discounted premium}}{\text{base premium} \times \text{discount factor(s)}}$$

The following discounts are to be pro-rated if added mid-term.

Discount factors

Part-time	0.50
1 st Year Licensure	0.25
2 nd Year Licensure	0.60
3 rd Year Licensure	0.75
4 th Year Licensure	0.85

Endorsement Premium Development

$$\frac{\text{Endorsement premium}}{\text{premium}} = (1-4 \text{ yr. or mature) claims made base premium} + \text{endorsement premium}$$

Endorsements added mid-term are to be pro-rated.

Professional Entity Coverage Premium Developed

$$\frac{\text{Professional Entity coverage premium}}{\text{Professional Entity factor}} = (1-4 \text{ yr. or mature) claims made base premium} \times \text{Professional Entity factor}$$

Professional Entity factors

Shared limit of liability	No charge
Shared limit of liability with MD/DO Exposure	0.55 per entity
Separate limit of liability	.20 for the first entity .05 for each additional entity
Separate limit of liability with MD/DO Exposure	2.20 for the first entity 0.55 for each additional entity

Professional Entities added mid-term are to be pro-rated

Claims Made Discounted Premium with Endorsements

Formula:
$$(1-4 \text{ yr. or mature) claims made discounted premium} + \text{endorsement premium}$$

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

B. FORMULAS FOR OCCURRENCE PREMIUM DEVELOPMENT

Listed below are the formulas used to determine a chiropractor's occurrence policy premium.

STEP 1 – Calculate Base Premium

Base Rate

Base rate is our 100/300 limit of liability. The charges are: Territory 1 - \$2290.00
Territory 2 - \$2545.00
Territory 3 - \$2239.00

Territory 1 - Cook, DuPage, Lake, Will, Kendall, Kane and McHenry Counties

Territory 2 - Monroe, St. Clair, Madison, Clinton, Washington, Randolph and Jersey Counties

Territory 3 - Remainder of state

Base Premium Developed

Base Rate x ILF = Base premium

Base premium is determined by multiplying the base rate by the increased limits factor of the appropriate limit of liability chosen.

ILFs (Increased limits factors)

200/600	1.159
250/750	1.215
500/1000	1.408
1000/3000	1.590
2000/4000	1.741

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

STEP 2 – Calculate Occurrence Discounted Premium

Formula for Discounted Premium (Premium when discounts apply)

Occurrence Discounted Premium = base premium x discount factor(s)

The following discounts are to be pro-rated if added mid-term.

Discounts factors

Part-Time	0.50
1 st Year Licensure	0.25
2 nd Year Licensure	0.60
3 rd Year Licensure	0.75
4 th Year Licensure	0.85

Endorsement Premium Development

Endorsement premium = base premium + endorsement premium

Endorsements added mid-term are to be pro-rated.

Professional Entity coverage premium developed

Professional Entity coverage premium = base premium x professional entity coverage factor

Professional Entity Factors

Shared limit of liability	No charge
Shared limit of liability with MD/DO Exposure	0.55 per entity
Separate limit of liability	.20 for the first entity .05 for each additional entity
Separate limit of liability with MD/DO Exposure	2.20 for the first entity 0.55 for each additional entity

Professional Entities added mid-term are to be pro-rated.

Occurrence Discounted Premium with Endorsements

Formula: Occurrence discounted premium + endorsement premium

Round to the nearest whole dollar. Round up if .50 or greater. Round down if .49 or lower.

C. SCHEDULE RATING APPLICABLE TO BOTH CLAIMS MADE AND OCCURRENCE COVERAGES

NCMIC Insurance Company may utilize the following schedule of debits to modify the premiums for certain insureds reflecting the unique exposure present in these risks. These insureds

qualify for schedule rating because of factors not contemplated in the filed rate structure of the company.

The maximum debit to be applied to recognize risk characteristics that are not reflected in an otherwise applicable rate is 25%. Any debits assigned under this plan are subject to annual review. All premium modifications will be noted and documented in the individual insured's file with any premium credit and/or debit having the approval of the Underwriting Department.

NCMIC Insurance Company will modify premiums giving consideration to the following exposure characteristics and rating characteristics of a risk:

	<u>CREDIT</u>	<u>DEBIT</u>
Unusual risk characteristics (Member of multidisciplinary group, multiple professional discipline or board complaints, loss of license, number/type of patient exposures)	XXXX	25%
Claim history debit (Based on underwriting review of frequency and severity of the insured's claims history)	XXXX	25%

Section IV – Extended Reporting Coverages For Claims Made Coverage

Basic Reporting Extension

This allows, under a claims made policy, for the reporting of claims arising from a medical incident which occurs on or after the retroactive date and prior to the end of the policy period. The extended reporting coverage is for sixty (60) days after the expiration of the policy. This coverage is provided at no additional charge. The 60-day Basic Extended Reporting Period does not apply if the insured purchases any subsequent insurance that replaces in whole or in part the coverage provided by this policy.

Illinois Extended Reporting Endorsement (Tail Coverage) Form 14CM-2005 07/07

If a claims made policy is canceled or non-renewed for any reason including non-payment of premium whether by the company or at the insured's request, the named insured may elect to have an endorsement issued providing an extended reporting period upon payment of an additional charge as follows:

Tail factors apply to mature claims made expiring annual premium.

Number of Years Since Retro Date	Tail Factor (Factor to apply to <u>mature claims made expiring annual premium</u>)
1	0.654
2	0.975
3	1.062
4	1.082

Definition of Tail Coverage – This term has been used to describe the exposure that exists between the retroactive date and expiration date of the policy and the coverage that may be purchased to cover that exposure. On “claims made” forms, tail coverage may be purchased to extend the period for reporting covered claims beyond the policy period.

Extended Reporting Endorsement (Tail Coverage)

Tail Coverage Rules:

1. Purchase of tail coverage must be within sixty (60) days after the cancellation or expiration of the insured's NCMIC claims made policy.

Example:

Policy expires 6-1-05. The extended reporting endorsement (tail coverage) must be purchased by 7-30-05.

-
2. The extended reporting endorsement (tail coverage) will never be written to be effective before the insured's most recent NCMIC claims made policy retroactive date.

Example:

The insured's claims made policy retroactive date is 7-1-05 and expiration date is 10-1-05. The extended reporting endorsement (tail coverage) charged at the first year tail coverage rate would be written to cover the time period from 7-1-05 to 10-1-05.

3. The extended reporting endorsement (tail coverage) will be pro-rated for partial years.

Example:

An insured has a malpractice insurance policy with us issued with a \$1,000,000/\$3,000,000 limit of liability. The insured has a retroactive date of 1-1-04 and the insurance policy is canceled with us on 3-28-05. The charge for the insured's tail coverage premium has been computed below.

- a. You first must determine how many days between the retroactive date and the cancellation effective date.
- b. Determine the MATURE claims made base premium for the policy limits the chiropractor is requesting to purchase.

The calculation is as follows:

Base rate \$1,788 x (Increased limits factor) 1.75 = mature claims made base premium
\$3,129.00.

- c. Determine how many years, or days, the retroactive date is from the policy termination (cancellation or expiration) date.

Retroactive date 1-1-04 to full year policy renewal date of 1-1-05.

1 or 2 or 3 or 4+ years

Mature claims made base premium	\$3,129
---------------------------------	---------

Tail factor for 1 year	x	0.654
Extended Reporting Period Premium 1 yr.	=	\$2,046.00

d. Count the remaining number of days left until the policy termination date.

1-1-05 to 3-28-05 is 87 days.

e. Pro-rate the remaining number of days to the policy cancellation date.

Partial year rates will be interpolated using the actual number of days covered on a claims made basis.

The calculation requires first determining the premium for two full year of tail coverage.

Mature claims made base premium		\$3,129
Tail factor for 2 years	x	0.975
Extended Reporting Period Premium 2 yrs.	=	\$3,051.00

Calculation:

Extended Reporting Period Premium 2 yrs. (\$3,051.00) – Extended Reporting Period Premium 1 yr. (\$2,046.00) = \$1,005.00

Number of days	87
Number of days in year	365

f. Calculate: $(87 / 365) \times \$1005.00 = \240.00

Extended Reporting Period Premium 1 yr. \$2,046.00 + \$240.00 = \$2,286.00

4. Tail coverage is priced as a factor of the mature claims made expiring annual premium.
5. Tail coverage is provided at no additional charge if a doctor dies and will be provided to the insured's estate upon notification of the insured's death. Tail coverage is provided at no additional charge if a doctor becomes permanently disabled and can no longer practice as a chiropractor. Tail coverage is provided at no additional charge if a doctor retires from practice after five (5) years of continuous coverage under the NCMIC claims made policy and is at least 55 years old. The endorsement will date back to the current claims made policy retroactive date.
6. After ten (10) years of continuous coverage under the claims made policy, if the policy terminates for any reason, including non-payment of premium, the tail coverage will be provided at no additional charge.

Section V – Discounts
(Available for both claims made and occurrence policies)

New Practitioner Discounts Available:

License Date: NCMIC uses the license date as the reference date to be eligible for discounts. The license date is defined as the first date the chiropractor is eligible to practice chiropractic. We only use one date as the license date to reference discounts. The license date used to reference discounts is the first time a chiropractor ever becomes licensed to practice.

1. First Year Licensure Discount

Chiropractors who become licensed and are eligible to practice chiropractic for the first time shall be given a first year licensure discount of 75% of the filed and approved base premium. The insured's first licensure date must fall within 18 months of the insured's graduation date.

2. Second Year Licensure Discount

Chiropractors in their second year of practice after becoming licensed for the first time shall be given a second year licensure discount of 40% of the filed and approved base premium. The insured's first licensure date must fall within 30 months of the insured's graduation date.

3. Third Year Licensure Discount

Chiropractors in their third year of practice after becoming licensed for the first time shall be given a third year licensure discount of 25% of the filed and approved base premium. The insured's first licensure date must fall within 42 months of the insured's graduation date.

4. Fourth Year Licensure Discount

Chiropractors in their fourth year of practice after becoming licensed for the first time shall be given a fourth year licensure discount of 15% of the filed and approved base premium. The insured's first licensure date must fall within 54 months of the insured's graduation date.

Additional Discounts Available

1. Part -Time Discount

A chiropractor practicing part-time is eligible for a 50% discount of the approved base premium. The chiropractor must complete an application for the part-time discount.

2. Claims Free Discount

We offer a 3% - 20% discount to chiropractors for their excellent claims free experience. The whole policy (all risks, corporations included) must be claims free to get the discount. The definition of claims free is \$0 dollars indemnity and \$15,000 or less LAE payments cumulative for the time period under review. The claims free discount will only be applied to the doctor's base premium.

The number of years insured with NCMIC without a claim will determine the discount. Please see below.

<u>Number of years insured with NCMIC without a claim</u>	<u>Percentage discount</u>
Three full years with NCMIC claims free	3%
Four full years with NCMIC claims free	4%
Five full years with NCMIC claims free	5%
Six full years with NCMIC claims free	6%
Seven full years with NCMIC claims free	7%
Eight full years with NCMIC claims free	8%
Nine full years with NCMIC claims free	9%
Ten full years with NCMIC claims free	10%
Eleven full years with NCMIC claims free	11%
Twelve full years with NCMIC claims free	12%
Thirteen full years with NCMIC claims free	13%
Fourteen full years with NCMIC claims free	14%
Fifteen full years with NCMIC claims free	15%
Sixteen full years with NCMIC claims free	16%
Seventeen full years with NCMIC claims free	17%
Eighteen full years with NCMIC claims free	18%
Nineteen full years with NCMIC claims free	19%
Twenty or more full years with NCMIC claims free	20%

*Up to five (5) years of continuous claims free experience with another carrier will qualify for the NCMIC claims free discount.

3. Risk Management Discount

We offer risk management discounts for insureds that complete NCMIC Board certified programs. The risk management discount will only be applied to the doctor's base premium. The maximum total risk management discount available per policy period is 15%. The discount will only be applied on the insured's renewal premium.

Maximum Discounts Available

The maximum risk management and claims free discounts that can be obtained are 35%. However, the maximum risk management and claims free discounts available for any insured who is also receiving a premium discount will be the actual risk management and claims free discounts (up to 35%) multiplied by percentage of discounted premium paid by the policyholder.

Example: Assume the full-time base rate is \$1,500 and a doctor is receiving a faculty discount of 50%. Also assume the doctor is eligible for a 20% claims free discount and a 15% risk management

discount. In this example, the maximum risk management and claims free discount this doctor is entitled to is 17.5%. Premium to be paid is calculated as follows:

$\$1,500 \times .50 =$	\$750 (faculty base premium)
$(20\% + 15\%) \times .50 =$	17.5% (total discounts allowed)
$\$750 \times 17.5\% =$	131.25 (discount amount)
$\$750 - 131.25 =$	\$618.75 (premium to be paid)

Section VI – Coverage Options **(Available for both claims made and occurrence policy)**

MUA Endorsement (Form 06-2007 03/10)

This endorsement provides coverage for manipulation or treatment, including adjustment, while a person is under anesthesia or sedation. The chiropractor must complete an application for manipulation under anesthesia. If the application is approved, an endorsement is added to the insured's policy. The charge for this endorsement will be \$750.00.

MUA Course Proctorship Endorsement (Form 06-2032 03/10)

This endorsement provides coverage for insured chiropractors while attending the practical, hands-on portion of their manipulation under anesthesia course (clinical competencies). An insured must apply for and be approved by underwriting prior to this endorsement becoming effective. The charge for this endorsement will be \$250.00.

Illinois Professional Entity with MD/DO Exposure - Shared Limits of Liability Endorsement (Form 14CM-2006 04/07) and Professional Entity with MD/DO Exposure - Shared Limits of Liability Endorsement (Form 06-2002 05/06)

This endorsement provides a shared limit of liability for the insured chiropractor's professional entity. Coverage is provided only to the extent of the entity's liability for the providing of professional services and professional healthcare services.

The charge is 55% of the undiscounted base premium for corporation coverage with shared limits.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Illinois Professional Entity - Separate Limits of Liability Endorsement (Form 14CM-2007 04/07) and Professional Entity - Separate Limits of Liability Endorsement (Form 06-2004 05/06)

This endorsement provides one separate limit of liability for the insured chiropractor's professional entity or entities. Multiple entities will share the one separate limit. Coverage is provided

only to the extent of the entity's or entities' liability for the providing of professional services within the scope and course of employment by a person included within the definition of "Person Insured" under the attached policy.

The charge is 20% of the undiscounted base premium for the first entity and 5% of the undiscounted base premium for each additional entity.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Illinois Professional Entity with MD/DO Exposure - Separate Limits of Liability Endorsement (Form 14CM-2008 04/07) and Professional Entity with MD/DO Exposure - Separate Limits of Liability Endorsement (Form 06-2006 05/06)

This endorsement provides one separate limit of liability for the insured chiropractor's professional entity or entities. Multiple entities will share the one separate limit. Coverage is provided only to the extent of the entity's liability for the providing of professional services and professional healthcare services.

The charge is 220% of the undiscounted base premium for the first entity and 55% of the undiscounted base premium for each additional entity.

Whenever this endorsement is added to an NCMIC claims made policy, the retroactive date on which the coverage is effective will need to be printed on the policy Declarations page.

Specialty, Procedure, Technique Exclusion Endorsement (Form 06-2012 05/06)

1. Excludes those procedures, techniques or specialties where a licensed health care provider has had their license revoked, suspended or surrendered or privileges restricted as a result of the performance of these procedures, techniques or specialties.
2. Excludes procedures, techniques or specialties that are experimental.
3. Excludes procedures, techniques or specialties where a health care provider is a high risk and has had poor loss experience.

Additional Insured Endorsement (Form 06-2010 05/06)

This optional endorsement provides coverage to any person or entity named on the endorsement for professional liability imputed to the person or entity solely for the professional negligence of an insured under the policy.

Acupuncture Endorsement (Form 06-2008 05/06)

This endorsement will add acupuncture to the list of professional services covered by the policy. Acupuncture coverage is only available in states where the scope of practice for chiropractors

includes acupuncture services. An insured must apply for and be approved by underwriting prior to this endorsement becoming effective. There is no charge for this endorsement.

Amendatory Endorsement (Form 06-2009 05/06)

This endorsement may be utilized as a manuscript form to broaden, restrict or clarify coverage issues. The endorsement may also be utilized to clarify adjustments in rating.

Supplemental Legal Defense Endorsement (Form 06-2015 07/08 and Form 06-2016 07/08)

This endorsement provides for defense costs incurred by the insured in certain covered proceedings. There is coverage under this endorsement only when a covered proceeding arises on or after the retroactive date and the covered proceeding is initially instituted against the insured before the end of the policy period stated on the Declarations of this policy. We will pay up to \$25,000 for defense costs incurred by the insured. Covered proceedings are limited to the following; State Disciplinary Proceedings, Federal Professional Review Organization Sanctions, Wrongful Billing and Related Proceedings, HIPAA and Privacy Related Proceedings and Civil Sexual Misconduct Allegations. There is no charge for this endorsement and it is subject to underwriting approval.

Temporary Leave of Absence Endorsement (Form 06-2017 07/07 and Form 06-2018 07/07)

This endorsement allows an insured to suspend their policy for a minimum of 60 days and up to a maximum of 180 days. The insured may suspend their coverage for the following reasons; short term disability, maternity leave and any other reason pre-approved by NCMIC Insurance Company. This endorsement excludes from coverage any claim that results from an injury that occurred during the period of the leave of absence. This endorsement will provide a 90% discount for the period of the leave of absence. Suspension of coverage does not apply to any professional entities insured under the policy.

Illinois Active Military Duty Endorsement (Form 14CM-2009 07/07 and Form 14-2009 07/07)

This endorsement suspends coverage, including premium payments, if an insured is called to active military duty. This endorsement provides coverage for claims arising from acts, errors or omissions that occurred prior to the inception of the active military leave. There is no coverage for acts, errors or omissions during the period of active military leave. Suspension of coverage does not apply to any professional entities insured under the policy.

Employment Exclusion Endorsement (Form 06-2021 05/06 and Form 06-2022 05/06)

This endorsement excludes coverage for the supplying of or failure to supply professional services resulting from the insured's place of employment listed on the endorsement.

Dual License – Acupuncture – Oriental Medicine Endorsement (Form 06-2024 05/06)

This endorsement provides coverage to insured chiropractors who also are licensed or properly certified to practice Acupuncture – Oriental medicine while acting within the scope of their license(s) and/or certifications. Additional application information will be required for approval. The charge for this endorsement is 5% of the base premium.

Dual License – Physical Therapy Endorsement (Form 06-2025 05/06)

This endorsement provides coverage to insured chiropractors who also are licensed or properly certified to practice physical therapy while acting within the scope of their license(s) and/or certifications. Additional application information will be required for approval. There is no charge for this endorsement.

Delegation of Certain Policy Rights Endorsement (Form 06-2026 04/07)

This optional endorsement allows an insured to delegate certain policy rights to his or her employer.

Dual License – Massage Therapy Endorsement (Form 06-2027 06/07)

This endorsement provides coverage to insured chiropractors who also are licensed or properly certified to practice massage therapy while acting within the scope of their license(s) and/or certification(s). Additional application information will be required for approval. There is no charge for this endorsement.

Section VII Coverage Options **(Available for Occurrence Policy Only)**

Prior Acts Professional Liability Endorsement (Form 06-2013 05/06)

This endorsement provides coverage for chiropractors who change from a claims made policy to an occurrence policy and who do not purchase tail coverage. Under this endorsement, injuries which occurred on or after the retroactive date and before the expiration date referenced in the endorsement will be covered. The factors listed below will be applied to the undiscounted occurrence premium at the applicable limit of liability in the state in which the claims made policy was issued.

Number of Years
Since Retroactive Date

1
2
3

Prior Acts Factor
62.8%
93.6%
102%

Extern Endorsement (Form 06-2011 05/06)

This endorsement provides coverage for chiropractic college students who have graduated from chiropractic college, but who have not yet received a license to practice, i.e. externs. The extern must be under the direct supervision of a licensed chiropractor and must be acting within the scope of the applicable laws governing externs. The only limit of liability available for this endorsement is \$100,000/\$300,000. Coverage under this endorsement will terminate when the extern becomes licensed, the program terminates or one year from its effective date, whichever comes first. The charge for this endorsement will be 10% of the 100,000/300,000 occurrence premium in the state that the Extern Endorsement is issued in.